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Mary Cottrell, Secretary
Department of Public Utilities
One South Station, Second Floor
Boston, Mass. 02110

RE: Energy Efficiency Program Administrators proposals to increase spending for winter 2008 residential heating programs

Dear Secretary Cottrell:

This is the Reply Comment of the Low-Income Weatherization and Fuel Assistance Program Network (the Network), described in G.L. c. 25, sec. 19(c). We have received Comments from the Attorney General's Office of Ratepayer Advocate (AG), Associated Industries of Massachusetts (AIM), Conservation Law Foundation (CLF), and Environment Northeast (ENE). We appreciate the support for expanding efficiency programs this winter expressed by CLF and ENE.¹

We also appreciate the AG's expressed "support for increasing energy efficiency programs to help reduce this winter's heating bills for residential and low-income customers by offering additional energy efficiency programs and services to those customers" (at 2-3).² However, the balance of the AG's Comments are a list of manufactured reasons why energy efficiency programs should not be approved in time for this winter. It is difficult to reconcile the two points of view.

There is no merit to the Attorney General's opposition to specific program elements designed to increase capacity to pay heating bills.

In three cases, the AG simply opposes proposals designed to directly reduce residential heating burdens this winter. The AG offers neither policy nor legal reasons for this opposition, other than a preference that the proposals be addressed in other proceedings that cannot be completed before the winter.

¹ We are puzzled by most of AIM's filing, since AIM has no stated or apparent interest or standing with respect to residential and low-income efficiency programs funded entirely by their respective customer sectors.

² AIM does not even recognize the urgency of this winter's heating prices, asserting a 25% fossil price reduction that, if so, would leave prices at historically high and unmanageable levels. See ENE Comments at 1.

All administrators propose to offer their existing low-income program to customers with incomes up to 80 percent of median income. (The current income ceiling is 60 percent of median income.) The principle for this offer is that people in the 60-80 percent bracket are not better able to afford efficiency improvements to their homes than are people with lower incomes. By offering no co-payment, the low-income programs make energy efficiency affordable.

The AG suggests this is a complicated matter that should be deferred to D.P.U. 08-4. The position is at war with the facts: the proposal is simplicity itself – change the dividing line between low-income and residential non-low-income. Indeed, the AG provides no rationale for her opposition, alleging no rate impacts (there are none) or other impacts or relationships that might change the outcome of D.P.U. 08-4. There is no valid reason to deny the proposal to make efficiency measures affordable to households with incomes between 60 and 80 percent of the median income.

Similarly, the AG opposes extending an existing heating system program for the electric side to the gas side of NSTAR. The program is designed to reduce tenant heating bills by replacing heating equipment owned by landlords. The AG's stated reason for opposing reducing tenant heating bills this winter is that the measure may not be cost-effective, although the AG does not question whether the program is cost-effective. The program is in fact robustly cost-effective (Exh. NSTAR-PC at 11); this Department's practice and precedent requires no more. Furthermore, the measure itself is cost-effective (Exh. NSTAR 3 at 2). However, most of this discussion is not material – the program is a pilot (Exh. NSTAR 3 at 2), designed to test the very cost-effectiveness that the AG questions.³ Therefore all that is necessary at this time is the showing NSTAR has made that the program is reasonably likely to yield cost-effective results. The AG's opposition to reduced tenant heating bills has no merit.

Finally, the AG opposes increasing installation of any measure this winter that is not related to heating.⁴ This position looks over the fact that, for customers struggling to pay their heating bills, anything that reduces utility bills will help make it possible to pay skyrocketing heating bills. The AG expresses "support for increasing energy efficiency programs to help reduce this winter's heating bills for residential and low-income customers," but does not explain why she is opposed to helping customers in this particular way.

The Attorney General has apparently resolved her own objections to funding the proposed initiatives.

In the text of her Comments, the AG raised objections to the spending levels proposed in the filings, but, but by the end of her Comment, recommended that spending be funded by a combination of System Benefit Charges (including by carryover to 2009), Forward Capacity Market (FCM) proceeds, and Regional Greenhouse Gas Initiative (RRGI) proceeds.⁵

³ Pilots also test practicality of program delivery.

⁴ AIM takes a similar position, asserting that other measures, such as lighting, are not as cost-effective. This is uninformed. As many AIM members can testify, high-efficiency lighting replacement is one of the most cost-effective measures in the energy efficiency portfolio.

⁵ AIM reaches the same conclusion.

Consideration of the Attorney General's meritless technical objections to the filings could only delay, and perhaps prevent, implementation of the proposed programs.

Winter is coming very soon. Most heating systems will begin operation next month for the season. Obviously, it is much more difficult and disruptive to repair or replace a heating system during the heating season when the system is needed for heat. Nevertheless, the Attorney General advises a drawn-out proceeding to reflect on every detail of a program expansion that is based on programs that have been professionally operated and overseen for more than a decade. This advice is not consistent with the Attorney General's oft-stated support for efficiency in order to help meet heating bills this season.

The Attorney General objects to the lack of program detail, particularly with respect to administration. Her proposed review standard would be laughable if it were not for the serious consequences of adopting it: "Administrative costs should not increase all that much" (at 7). The program details provided are at least as specific and detailed as the Attorney General's vague "not that much" review standard.

The Attorney General complains that program administrators did not provide data that, for the most part, the AG could have calculated for itself from the percentages provided. This includes number of customers served and dollars of customer savings and total budgets, even though supplement amounts are provided and base levels are public record. Perhaps this hypertechnicality would be acceptable in a leisurely proceeding without deadlines. However, winter presents an immovable deadline with potentially severe human consequences. Where reasonable levels of detail have been provided with respect to well-established programs, as here, emergency approval should not be withheld for the failure to cross a T or dot an I.

In a similar vein, the AG seeks additional cost-effectiveness detail even though there are no new measures and the programs to be supplemented are robustly cost-effective. The Attorney General does not make a claim that the programs as supplemented would not be cost-effective, so it is difficult to understand the point of this objection.

Finally, the Attorney General complains that some filings did not explain the constraints on ramping up their efficiency programs even further. After all the above-described positions that would slow or prevent the rolling out of these supplements, here the Attorney General spears to be suggesting that the program administrators should have proposed even more aggressive supplements, or at least should have explained why they could not.

In fact, as the filings explain, the proposals were developed with close consultation with the undersigned agencies, as well as with providers to the residential sector, and represent the best judgment of all concerned as to the maximum efficiency that could be responsibly achieved in this limited time.⁶ The filings reflect an impressive statewide average annualized funding increase on the order of 40 percent.

⁶ ENE suggests a process for more consistent low-income funding, which would replicate the process already undertaken by agencies and program administrators. ENE's low-income funding proposals are arbitrary and not informed by the variances in infrastructure capacity that actually exist in each service territory. In one instance (Unitil), ENE misreads the record as proposing no increase when in fact Unitil proposes substantial increases.

Conclusion

Wherefore, for all these reasons, the Low-Income Weatherization and Fuel Assistance Program Network urges this Commission to reject the objections to the program administrators' filings and to approve the filings.

Respectfully submitted,

LOW-INCOME WEATHERIZATION AND FUEL ASSISTANCE PROGRAM NETWORK,
By their attorney,

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